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Attorneys for Plaintiffs Promotion In Motion, Inc. and Welch Foods Inc., A Cooperative

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY

PROMOTION IN MOTION, INC., and
WELCH FOODS INC., A COOPERATIVE Case 2:18-cv-11670

Plaintiffs,

v.

KERVAN USA LLC,

Defendant.

# DECLARATION OF MICHAEL G. ROSENBERG IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION

MICHAEL G. ROSENBERG, pursuant to 28 U.S.C. §1746, declares as follows:

1. I am the President and Chief Executive Officer of Plaintiff Promotion In Motion, Inc. ("PIM"). I submit this declaration in support of Plaintiffs' motion for a temporary restraining order and preliminary injunction to stop Defendant Kervan USA LLC ("Kervan")

from infringing the trade dress for our highly popular WELCH'S FRUIT SNACKS product.

This declaration is based on my personal knowledge of the events and matters discussed herein.

- 2. We market our industry-leading WELCH'S FRUIT SNACKS product in distinctive packaging and trade dress instantly recognizable to millions of consumers. We have worked extremely hard and invested tens of millions of dollars in marketing and in cultivating this trade dress, which helps to distinguish the product in the marketplace and informs consumers that they are purchasing the highest quality fruit snacks.
- 3. We have just recently learned that Kervan plans to introduce a line of "fruit gummies" under a licensing arrangement with Sunkist Growers, Inc. ("Sunkist") in closely and confusingly similar packaging that imitates the overall look, individual visual elements, and taglines displayed on the WELCH'S FRUIT SNACKS packaging. The similarities in design, color, layout, graphics and taglines are no accident and immediately and irreparably jeopardize the integrity and favorable reputation of the WELCH'S FRUIT SNACKS product and brand.
- 4. I submit this declaration to set forth the history of the WELCH'S FRUIT SNACKS product and trade dress, our discovery of Kervan's infringing product, and the irreparable harm we face unless Kervan is immediately stopped from infringing the valuable intellectual property associated with the WELCH'S FRUIT SNACKS brand.

# **The Business of PIM and Welch's Fruit Snacks**

- 5. PIM is in the business of developing, manufacturing, marketing, and distributing branded fruit snacks, confectionery, and other snack and chocolate products.
- 6. I founded PIM in 1979 with \$150 in start-up capital, while still in college. From our early days as a fledgling start-up candy and snack food business, PIM has grown to become among the 100 largest candy companies in the world, 9<sup>th</sup> largest confectioner in North America,

among the 100 largest privately held companies overall in the metro New York area and one of the largest privately owned employers in the State of New Jersey. We employ more than 800 people across a spectrum of departments, including consumer marketing and creative services, brand development, sales and distribution, trade marketing, regulatory, scientific research and development, quality assurance, quality control and countless aspects of manufacturing, including engineering, operations and more. We maintain offices, warehouses and manufacturing sites throughout the U.S., Canada and other countries, and also have whollyowned subsidiaries and affiliates in the United Kingdom, Canada, Mexico and Spain.

- 7. Our business is built upon our brands and the quality products they designate. We develop our snack and candy brands in-house and also pursuant to license agreements with prominent corporations and brand owners that license and entrust us with their trademarks for our use in connection with new products and line extensions which we create and market.
- 8. In 2001, we signed a licensing agreement with co-Plaintiff Welch Foods Inc., A Cooperative ("Welch"), which granted to us the exclusive right to use the WELCH'S trademark and variations on that mark in connection with the manufacture, marketing and distribution of fruit snacks. Our mission was to create the number one national brand of fruit snacks that would surpass all competitive products in quality, taste, and consumer recognition. As I describe below, we have more than succeeded in that goal.
- 9. Our launch of WELCH'S FRUIT SNACKS proceeded on two parallel fronts.

  First, we had to develop a unique and appealing recipe, flavor profile, and texture for the product. Our food scientists worked long and hard to create a proprietary formula and recipe that yields a taste and texture superior to all other fruit snacks on the market. This closely guarded

recipe and flavor profile gives WELCH'S FRUIT SNACKS a competitive edge in the marketplace.

- 10. WELCH'S FRUIT SNACKS also uses a distinctive and now famous trade dress and packaging design that has become extremely well-known to consumers as a banner of quality (the "WELCH'S FRUIT SNACKS Trade Dress"). Our experience has been that packaging design is critical to the success of our products, no matter their other favorable attributes, because trade dress can control a consumer's first experience and impression of a product and differentiate one brand from another in an otherwise crowded marketplace. As pleased as we were with the recipe and formulas we created, we knew that WELCH'S FRUIT SNACKS could only cut through the clutter of the marketplace by employing distinctive packaging that would capture consumers' attention and interest.
- 11. The basic current design of the WELCH'S FRUIT SNACKS Trade Dress, which carries forward the same overall look as the original packaging, has been in circulation for nearly a decade. While the product is sold in various box, bag and flavor configurations, the WELCH'S FRUIT SNACKS Trade Dress remains consistent across these various packages and serves to identify and distinguish the product as the highest quality fruit snacks available in the market.
- 12. The WELCH'S FRUIT SNACKS Trade Dress combines a number of different elements to create a unique look, including:
  - A white central panel or box with the term "Fruit Snacks" stacked vertically in blue lettering and centered over a curved arc, all surrounded by a contrasting colored background
  - A thick blue line around the edges of the white central panel
  - Stacked photorealistic images of fruit along the bottom of the package and underneath the white panel, with smaller numbers of free floating individual fruit items extending along the right and left edges of the panel

- The tagline "Fruit is our 1st Ingredient!" along the top of the package
- The phrase "Family Farmer Owned" beneath the WELCH's brand name

  These elements, individually and in combination, have become critical to how consumers locate
  and select our products on the crowded shelves of retail stores, in vending machines and other of
  the countless locations where our products are sold.
- SNACKS is Mixed Fruit, which boasts unequaled sales per point of distribution in the grocery retail channel, the convenience store channel, as well as in other points of distribution, and is the single best performing item in the entire fruit snacks category, both in North America and worldwide. Consistent with the WELCH'S FRUIT SNACKS Trade Dress, WELCH'S MIXED FRUIT FRUIT SNACKS is sold in various size boxes and bags featuring the familiar white central panel with the term "Fruit Snacks" in blue lettering centered over a curved arc, all against a dark blue background. The stacked fruit assortment appears at the bottom of the packaging and panel, with a smaller number of fruit pieces floating along the sides. The tagline "Fruit is our 1st Ingredient!" runs across the top of the package, and "Family Farmer Owned" appears beneath the WELCH'S name. An image of WELCH'S MIXED FRUIT FRUIT SNACKS is depicted below:



14. Other flavor variants of WELCH'S FRUIT SNACKS feature the same essential WELCH'S FRUIT SNACKS Trade Dress, with only modest adjustments in background color and the particular fruits displayed. For example, WELCH'S BERRIES 'N CHERRIES FRUIT SNACKS and WELCH'S FRUIT PUNCH FRUIT SNACKS feature the same white central panel with a blue line border, "Fruit Snacks" in blue lettering over a curved arc, stacked and photorealistic fruit arrangement and taglines, with only changes to the background color and particular fruit imagery, as illustrated below:





By emphasizing the essential WELCH'S FRUIT SNACKS Trade Dress across different versions and package configurations, we ensure that consumers recognize the packaging and design as identifying the WELCH'S FRUIT SNACKS product no matter where they find it or which versions they prefer.

- 15. WELCH'S FRUIT SNACKS has been a remarkable commercial success since the product was first introduced. Sales of WELCH'S FRUIT SNACKS at the wholesale level exceeded \$280 million in calendar year 2017, during which period more than 1.6 billion packs were sold. Since the brand's introduction, PIM has sold more than \$2 billion of the product at wholesale. The retail dollar amount is of course much larger and approaches between \$3 billion and \$4 billion.
- 16. We attribute the success of the product not only to its superior quality and distinctive branding, but also to our aggressive promotion of the product through many types of media. In addition to attending numerous trade shows every year, we widely advertise the product in national magazines (e.g., People, Us Weekly, Woman's Day, Good Housekeeping),

coupons in Sunday newspaper supplements across the country called free standing inserts, high impact billboards, in-store signage, social media (Facebook, Instagram, Snapchat, Twitter, YouTube), various websites, theme parks such as Six Flags and more. In virtually all advertisements and promotions, the WELCH'S FRUIT SNACKS Trade Dress is prominently depicted, because it serves as such a strong source identifier. Since 2015, PIM has expended approximately \$100 million in promoting the brand. Some examples of our advertisements are attached as Exhibit A.

- 17. Beyond our own promotional efforts, retailers also advertise WELCH'S FRUIT SNACKS heavily. For example, major retail chains of all types promote the brand in their own widely circulated flyers and newspaper advertising, reaching tens of millions of consumers weekly. Retailers for WELCH'S FRUIT SNACKS advertise the product in mailers, print ads, online and through various other media, and also offer various promotional offers and discounts to stimulate sales of the product. Again, such advertisements invariably depict the product itself, so that the familiar WELCH'S FRUIT SNACKS Trade Dress is displayed time and again to consumers.
- 18. WELCH'S FRUIT SNACKS is also frequently the subject of media coverage, including appearances in magazines, web blogs and television news segments concerning trends in snacking on such national television programs as NBC's <u>Today Show</u>, <u>Fox and Friends</u>, ABC's <u>Good Morning America</u> and many others. For example, the Welch's Fruit Snacks Reduced Sugar Mixed Fruit product has won an award for "Best Office Snacks" from <u>Shape Magazine</u> and was featured in a round-up of Shape's Best Snacks on the <u>Today Show</u>, which attracts more than 2 million viewers. The product featuring the WELCH'S FRUIT SNACKS

Trade Dress was prominently displayed during the <u>Today Show</u> segment, as shown in the screen shot from the show attached hereto as Exhibit B.

- 19. WELCH'S FRUIT SNACKS is distributed, sold, marketed and promoted in virtually all trade channels, reaching millions upon millions of consumers wherever they shop, travel, relax or seek to enjoy a snack. The product is sold in grocery stores, that nation's drug chains, big box stores, club stores, specialty retailers, convenience stores, dollar stores, petroleum/gas retailers, vending machines, the foodservice and hospitality industries, gift baskets, sports arenas, the movie theater and concessions market, as well as in school lunchrooms, in the fundraising channel to civic, religious, sports and academic groups, at newsstands, airports and mass transit stations, in airline meal kits, military commissaries and Exchanges as well as U.S. Navy vessels and just about anywhere else food and beverages are offered.
- 20. WELCH'S FRUIT SNACKS is the undisputed leader in its class of product and is rated as the number one brand of real fruit snacks in household penetration, loyalty, and purchase rates. In short, we have grown the WELCH'S FRUIT SNACKS brand to be a market leader and one of the most familiar snack foods brands for American consumers and consumers across the globe. The WELCH'S FRUIT SNACKS Trade Dress is a major part of the product's recognition and success. It is one of the key elements that differentiates the product in the marketplace and communicates to consumers the quality and value of the product it identifies.

### **The Kervan Infringement**

21. Defendant Kervan is an importer, manufacturer and distributor of candy and snack products. Kervan recently announced that it had entered into a licensing partnership with Sunkist to introduce a line of "fruit gummie" products (the "Kervan Infringing Product").

Although the Kervan Infringing Product has not yet been sold to consumers to the best of our knowledge, Kervan has displayed the intended packaging for such products (the "Kervan Infringing Packaging") at a national trade show, where we first learned of the planned launch. The Kervan Infringing Packaging as publicly displayed and announced in press releases closely copies the WELCH'S FRUIT SNACKS Trade Dress, as shown below in the side-by-side comparison of three iterations of the parties' respective products:













22. As is apparent from the above comparisons, the Kervan Infringing Packaging deliberately mimics the critical elements of the distinctive layout, graphics, imagery and both substance and location of the taglines used in the WELCH'S FRUIT SNACKS Trade Dress.

Thus, as a first example, with obvious reference to PIM's highly popular WELCH'S MIXED

FRUIT FRUIT SNACKS, Kervan's "Mixed Fruit" version of the Kervan Infringing Product features the following:

- A white central panel with the term "Fruit Gummies" stacked and in a curving arc, closely reminiscent of the WELCH'S panel and the stacked presentation of "Fruit Snacks"
- A thick blue line surrounding the central panel and setting it off against a blue background, in the same colors and layout as WELCH'S FRUIT SNACKS
- A dense assortment of photorealistic images of fruit at the bottom of the package, with a smaller number of individual fruit pieces floating along the sides of the panel, nearly indistinguishable from the corresponding layout of fruit in the WELCH'S FRUIT SNACKS Trade Dress.
- The tagline "Fruit is our 1<sup>st</sup> Ingredient" in the upper right-hand corner, copying the identical slogan used at the top of the WELCH'S FRUIT SNACKS package and using the "1<sup>st</sup>" rather than "First" to identify the attribute.
- The phrase "a cooperative of family farms since 1893" beneath the SUNKIST brand name, copying the phrase "Family Farmer Owned" appearing beneath the WELCH'S brand name.
- 23. Likewise, the "Berries Blast" and "Sour Citrus" versions of the Kervan Infringing Product replicate the WELCH'S FRUIT SNACKS Trade Dress for WELCH'S BERRIES 'N CHERRIES FRUIT SNACKS and WELCH'S FRUIT PUNCH FRUIT SNACKS (and/or WELCH'S TANGY FRUIT FRUIT SNACKS) in the same ways, but substituting purple or orange for the background colors and similar assortments of fruit.
- 24. In short, the Kervan Infringing Packaging lifts the most distinctive elements of the WELCH'S FRUIT SNACKS Trade Dress, arranges those elements in a nearly identical fashion, and combines them with replicas of the WELCH'S FRUIT SNACKS taglines. Someone obviously went to considerable effort to design this lookalike. By combining all these elements, the Kervan Infringing Packaging creates the same commercial impression as the WELCH'S FRUIT SNACKS Trade Dress in a fashion that is certain to create confusion.

- 25. The appearance of the SUNKIST brand name on the Kervan Infringing Packaging does not alleviate our concerns. The trade dress is so strikingly similar that it will call our product to mind instinctively. Furthermore, trademarks and trade dress are often commingled in our industry, as in "private label" or re-bagger arrangements, where a brand name is combined with packaging associated with a different company; for example, our SOUR JACKS brand is sold by CVS and Walgreen's in packages displaying the trade dress of those companies.

  Because consumers are thus accustomed to seeing different companies' trade dress and trademarks combined as part of business arrangements, they will likely assume that Kervan's "Sunkist" product is licensed by or somehow associated with WELCH'S FRUIT SNACKS or from the same factory and/or supply source. In fact, SUNKIST is, like WELCH'S, a name associated with fruit and juice, so consumers are likely to believe that the maker of WELCH'S FRUIT SNACKS is somehow involved with the Kervan "SUNKIST" product, perhaps using Sunkist as the source of ingredients or distributing the product in conjunction with Sunkist.
- 26. There can be little doubt that Kervan was aware of WELCH'S FRUIT SNACKS and its trade dress. Not only is WELCH'S FRUIT SNACKS readily visible as the market leader in its category indeed, one cannot compete in the category without knowing about the brand but the similarities in packaging and close correspondence of different flavor variations between the parties' products are so striking that they cannot be the result of mere coincidence. As shown below, there are numerous third party products in the market, such as Kellogg's, Dole and Black Forest brands, which have chosen completely different designs that do not seek to take advantage of the brand we have built. By way of example, none of the competitive products shown below share the obvious similarities in design, layout or taglines that exist between WELCH'S FRUIT SNACKS and the Kervan Infringing Product:

# **PRODUCTS AT ISSUE**





# THIRD PARTY PRODUCTS













27. Indeed, Sunkist itself (through a different supplier, General Mills) sells fruit snack products that do not use the familiar combination of features that is so readily recognizable as identifying WELCH'S FRUIT SNACKS. For example, Walmart currently advertises the "Mixed Fruit" Sunkist product below on its website:



Consistent with other competitive products noted above, this design causes us no concern, as it makes a completely different commercial impression. It is apparently only with the introduction of Kervan as Sunkist's licensee and supplier for "fruit gummies" that the Sunkist product will mimic so closely the WELCH'S FRUIT SNACKS Trade Dress.

- 28. Kervan's aims are no surprise to us. It has also targeted another of PIM's products, SOUR JACKS, giving rise to a separate claim in this lawsuit. The SOUR JACKS issue is not the subject of our motion for a preliminary injunction motion, but it nonetheless shows that Kervan is tracking our brands in a bad faith effort to misuse the goodwill and recognition we have won with consumers for Kervan's own benefit.
- 29. The Kervan Infringing Product will be targeted and promoted to the same classes of consumers to whom WELCH'S FRUIT SNACKS are marketed and sold and in the same trade channels and stores we occupy. We are well aware of where our competitors' products may be

found, and there is no doubt that this new product will invariably be sold not only in the same stores but even the same sections of those stores as our product. And, because WELCH'S FRUIT SNACKS and the Infringing Kervan Product are relatively low-cost purchases, the consumers purchasing them are apt to be less attentive distinguishing products and are thus acutely vulnerable to confusion. All of these circumstances mean that the Kervan Infringing Product will result in confusion among consumers and harm to our well-established product.

### The Irreparable Harm in the Absence of An Injunction

- 30. Kervan's infringement is far more than a matter of dollars and cents. For more than fifteen years, we have devoted a huge proportion of our company resources to developing and growing a market leading brand of snack foods. There is simply no way for us to calculate the scope of that effort, but it has been one of the primary preoccupations of this company and the bedrock of its success.
- 31. The product's success, reflected in its enormous sales and consumer recognition, is based both on its high quality flavor and texture, and its now famous brand positioning. The WELCH'S FRUIT SNACKS Trade Dress is at the heart of that brand position. It differentiates our product in the marketplace and assures consumers that they are buying the high quality WELCH'S FRUIT SNACKS product that has become the market leader. Our reputation, in other words, depends as much as anything upon the look of the product that helps consumers pick it out of the crowded marketplace.
- 32. Kervan's infringement jeopardizes our investment in so many ways that cannot be compensated by money. It is almost certain that the Kervan Infringing Product will not be of the same high quality that has come to define the WELCH'S FRUIT SNACKS product. Consumers who mistake Kervan's product for WELCH'S FRUIT SNACKS, think that it is some kind of

authorized version of Welch's product distributed in conjunction with Sunkist or is otherwise somehow associated with the same supply source as WELCH'S FRUIT SNACKS, may well be disappointed if the product is of inferior quality, to the detriment of our hard-won reputation.

- 33. Such disappointment threatens to undermine and jeopardize our enormous investment in the WELCH'S FRUIT SNACKS brand. Moreover, even in the exceedingly unlikely event that Kervan's product were on par with ours, we are deprived by Kervan's infringement of control over our reputation. Welch and PIM have the right and indeed duty to protect the WELCH'S FRUIT SNACKS brand and keep it distinct, but by usurping the WELCH'S FRUIT SNACKS Trade Dress, Kervan is depriving us of that right.
- 34. There is no reason for Kervan to track our product so closely other than to sow confusion and trade upon the goodwill of the WELCH'S FRUIT SNACKS brand. There are countless ways that Kervan can package its product, as shown by the third-party brands above, including prior SUNKIST products, that have managed to develop their own look without borrowing the distinctive elements of the WELCH'S FRUIT SNACKS Trade Dress. There is thus no legitimate need for Kervan to copy the WELCH'S FRUIT SNACK Trade Dress to thereby confuse consumers and take advantage of all our hard work.
- 35. When we learned of the Kervan infringement in June, we immediately notified Kervan in the hopes that litigation could be avoided. Kervan, however, simply stalled and has resisted making any meaningful changes to its copycat design, requiring us to act now, before the product hits the market and damages the WELCH'S FRUIT SNACKS brand.
- 36. In short, the reason we bring this motion is not simply to halt Kervan from stealing sales from us by passing off its goods as our own. Rather, we bring this motion and ask

the Court for preliminary relief so that we can maintain control over the reputation we have worked so long and so hard to create and support.

37. For these reasons, we ask that the Court immediately enjoin Kervan from selling its infringing fruit gummies in packaging using copycat designs or otherwise infringing the valuable WELCH'S FRUIT SNACKS Trade Dress.

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT. EXECUTED ON AUGUST  $\frac{9}{2}$ , 2018 IN ALLENDALE, NEW JERSEY.

MICHAEL G. ROSENBERG

# EXHIBIT A





# SAVE \$1.00 Welch's Welch

On any TWO Welch's® Fruit Snacks or Fruit 'n Yogurt™ Snacks

(8ct or larger, excluding 80ct box)









# welchsfruitsnacks.com



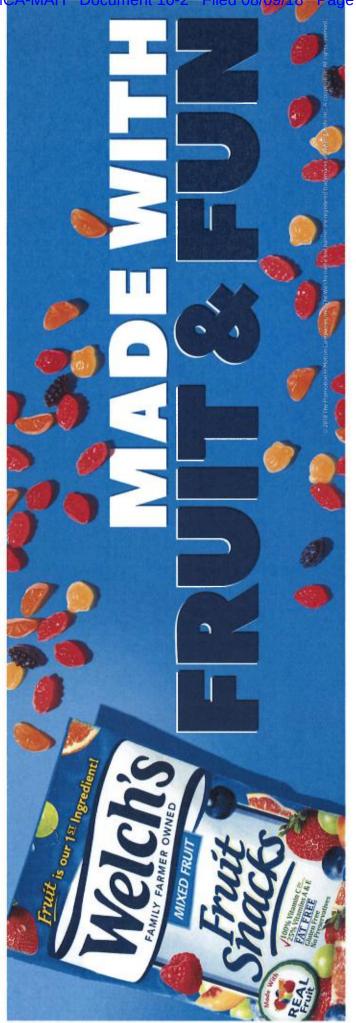
Un your tavorite store shelves starting this Summer:

Enjoy Welch's® Fruit Snacks as part of a balanced diet, including fruits, vegetables, dairy, grains and proteins.

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WelchsFruitSnacks.com











# **EXHIBIT B**

